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MEMORANDUM FOR: Management Committee

SUBJECT : The President's Reorganization

1. The President's reorganization of the national intelligence apparatus establishes two levels of Community management:

--A Committee on Foreign Intelligence (CFI), chaired by the DCI, is to be responsible for management, priorities, budget preparation, and resource allocation, for the National Foreign Intelligence Program.

--The DCI personally is to be responsible for national intelligence production and requirements, and a variety of ancillary functions.

--No arrangements under the CFI or DCI are specified. They are free to organize as they choose and it would appear that the DCI is free to decide that some of his personal functions should be matters for CFI.

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2. The President's plan also calls for the DCI to have two Deputies, one for the Community and one for the Agency. By statute, the Agency Deputy must be the "advice and consent" Deputy, who is the senior. The DCI has indicated an interest in having two offices, one with the Community Deputy and his staff downtown (presumably 2430 E St.) and one with the Agency at Langley, but has not firmly decided on this.

3. As presently defined, the division of responsibilities between the FIC and the DCI does not correspond neatly to what would seem a logical division of responsibilities between a Community and an Agency Deputy. There is no established pattern for relations between the two Deputies, nor is there precedent in past experience for what the role of either should be. Moreover, the new arrangements require a rethinking of the role and functions of the NIO's. Finally, they make it necessary to reconsider the organizational location and subordination of OGC, OLC, IG, ER etc.

4. In the Community arena, no attention has yet been given to the sub-structure that the new organization will require. EXCOM, IRAC, USIB and NSCIC will disappear, as will the Committees established by these bodies. Many of these Committees serve essential function, however, and therefore must be considered in their own right, as well as that of the parent body.

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5. Clearly these questions must be addressed in two stages. First, the DCI must set his own house in order and develop, consistent with his in-house arrangements, a tentative plan for the Community as a whole. Second, in consultation with the Community, he must modify that plan as necessary and put it into effect. All this, and particularly the second stage, will take time. We have ninety days.

6. The Administration will want to move rapidly. It wants to close down the intelligence circus and clear its own decks for the upcoming campaign. It wants especially to wrest the initiative from the Congress and be able to deal with the Senate Committee on the basis of its own reorganization plan, already in effect. The DCI will be under great pressure to respond and will have his own reasons as well. The more quickly, firmly, and coherently new arrangements are imposed, the less disruption and bureaucratic infighting will ensue. On the other hand, while speed is desirable, many of these matters are complex and must be thoughtfully considered.

7. The Management Committee must, therefore, move as a matter of the highest priority to study the organizational questions raised by the President's decisions. Some of these questions are listed at annex. The study should be in-house only at this stage. We should have recommendations for the DCI within two weeks.

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Organizational Questions Deriving from the
Presidential Directive

What responsibilities in detail do the CFI and the DCI have under the new arrangements? What are his responsibilities under the FIC?

Which of his responsibilities should he retain for himself, which should he CEDE to CFI jurisdiction, and which should he delegate?

How should the delegated responsibilities be allocated between his Deputies? Could a reasonable division of responsibilities be reconciled with Secion 102(d) (4) of the National Security Act?

Who should chair the CFI in the DCI's absence? What should be the relationship of the Community Deputy to the CFI?

What personal staff would the DCI and each of his Deputies require? What should be the disposition of the elements and personnel of the present O/DCI (including the IC Staff)?

Should any Agency elements be transferred to the Community Deputy? Should any IC Staff elements be transferred to the Agency?

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Should the Community Deputy move to 2430 E St.? If so, what personnel and facilities should move there? What additional personnel facilities and services would be required there? Should the present Agency responsibility for support of the IC Staff be continued?

How should the production of national intelligence, and particularly of National Estimates, be organized under the DCI?

How should those functions assigned to the CFI collectively be linked to those assigned to the DCI?

The CFI absorbs, among other things, the functions of EXCOM, IRAC, and NSCIC. What should be the disposition of the sub-committees of EXCOM, IRAC, NSCIC and USIB?

What sub-structure should the DCI recommend for the CFI?

What sub-structure, including inter-Agency boards, and committees, should the DCI establish to carry out the inter-agency aspects of his personal responsibilities? Should USIB in some form be reconstituted?

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Three Approaches for Reorganization Under the DCI

Concept I. Divide the DCI's functions by applying the National Security Act of 1947. "Correlation and Evaluation," services of common concern, etc. accordingly become his personal responsibilities. Program management and resources allocation, not envisaged in 1947, belong to the CFI. (Depending on the wording of the Executive Order, it might be necessary under this arrangement for the DCI to determine that certain of his assigned personal responsibilities should be handled by CFI)) In essence, the division is between systems-oriented matters and substance-oriented.

Under this concept, the Deputy's responsibilities would be divided the same way. One Deputy, supported by the IC Staff, would be responsible for CFI matters, and the other, supported by CIA, for everything else. Some exchange of staff elements between the IC Staff and the Agency might be necessary.

From the present USIB, IRAC, and EXCOM structure COMIREX, SIGINT Committee, Human Sources Committee, Information Handling Committee, and IR&D Council would be transferred to CFI. Bodies roughly corresponding to the IRAC and NSCIC Working Groups would

also be needed. USIB would be reconstituted as a National Intelligence Board, advisory to the DCI, and chaired either by him or by the Agency deputy. It would retain WSSIC, SIC, JAEIC, EIC, Sp. Asst. for Strategic Warning, and Salt Monitoring Group. The USIB Security Committee and Committee on Exchanges could be assigned either way.

Concept II. Divide the DCI's functions strictly according to the Executive Order. The CFI combines EXCOM with a much strengthened IRAC. USIB or its successor and the functions carried out by its substructure would remain directly under the DCI. The basic division between the deputies, Community management for one and substance for the other, would be retained, but the Community deputy would retain staff responsibility across the full range of USIB activities, including staffing substantive matters for which the Agency deputy is responsible.

The IC Staff would be strengthened to support CFI as well as USIB. The USIB IHC and SC might well be transferred to CFI, but the others would remain, initially at least, as they are at present.

Concept III. Divide the DCI's functions strictly in accordance with the present Community-Agency division. In this case the Community Deputy would have the substantive responsibilities now carried by USIB, as well as those of the EXCOM-IRAC. The Agency Deputy would be limited to an effective EXDIR-Comptroller role, but of course would be a spokesman for the Agency on all matters, including substance. The present committee and sub-committee structure might well be reorganized, but would all depend in one way or another from CFI and be supported by the IC Staff.

The NIO's. It is not easy to fit the NIO's into any of these concepts as they stand. There are at least five possible ways of handling this problems:

- If their national intelligence production responsibility were eliminated and their number sharply reduced, they could serve as a substantive staff for the DCI.
- If Concepts I or II were adopted, they could be subordinated to the Agency Deputy.
- If Concept III were adopted, a somewhat enlarged NIO group headed by a third

deputy (for national intelligence), could
serve the DCI as his production management
staff.

--Under Concept III they could become part of
the IC Staff.

--They could be eliminated.

- I. Criterion is Act of 1947
DDCI/C staffs primarily resource and management matters
DDCI/A staffs primarily substantive matters
- II. Criterion is E.O.
DDCI/C staffs all Community matters, but
DDCI/A remains responsible for all production
- III. Criterion is Community-Agency
DDCI/C staffs all Community matters, including production
DDCI/A runs agency, has no Community responsibilities.